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MESSAGE CONFIRMATION

DATE:08/07/95 TIME:14:18

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New York State Department of
Taxation and Finance

Audit Division - TTB/FACETS
Registration/Bond Unit, Building 8 - 855
W. A. Harriman Campus
Albany, New York 12227

NOTICE TO ALL LICENSED CIGARETTE TAX AGENTS

July 27, 1995

R. L. Jones & Sons, Inc.
P.O. Drawer 152
Bath, NY 14810

Dear Ms. Elinor D. Jones:

Effective September 1, 1995, Article 28 of the New York State Tax Law has been amended to require the prepayment of sales tax on cigarettes. This prepayment of sales tax will be paid at the time of purchase of the Cigarette Tax Stamps in the same manner as the Article 28 Cigarette Excise Tax.

On September 1, 1995, the Cigarette Credit Bond or alternative security you have on file with New York State will no longer be effective since by its terms it does not provide coverage for the prepaid tax required to be paid at the time you purchase stamps. If you wish to continue to purchase stamps on credit after such date it will be necessary to file a new bond, rider or new assignment form which incorporates coverage for the prepaid sales tax in addition to the cigarette tax.

NOTE: If your new bond, rider to the existing bond, or revised assignment form to your alternative security is not in place by September 1, 1995, you will no longer be able to purchase Cigarette Tax Stamps on credit.

The prepayment amount of sales tax that will be added to the price of a Cigarette Tax Stamp is 7% of the base retail price of a pack of cigarettes. For purposes of this computation for the year commencing 9/1/95, \$1.00 will be considered the base retail price of a pack of 10 cigarettes and \$2.00 will be considered the base retail price of a pack of 20 cigarettes. If a package of cigarettes contains more than 20 cigarettes, the base retail price will be increased \$.50 for each 5 cigarettes or fraction thereof. Thus, the cost of a cigarette tax stamp will be increased by \$.14 for a pack of 20 cigarettes, and \$.07 for a pack of 10 cigarettes.

Please forward the enclosed bond form and instructions, or the rider instructions to your insurance company and request that an appropriate revision be executed. For alternative securities, a new assignment form must be prepared. Submit this to us as soon as possible to avoid any delay in your ability to purchase Cigarette Tax Stamps on credit.

Thank you for your cooperation.

Lois DeFreest
Lois DeFreest
Excise Tax Technician II
Tel: (518) 457-1407

.56	x 30,000	= 16,800.00	16,837.90
+.14			+ 4200.00
.70	x 30,000	= 21,000.00	20,937.90

Enclosures

8/1/95 Called Sammie Wheeler at Willis/Condon, she said do nothing

TOTAL P.01